

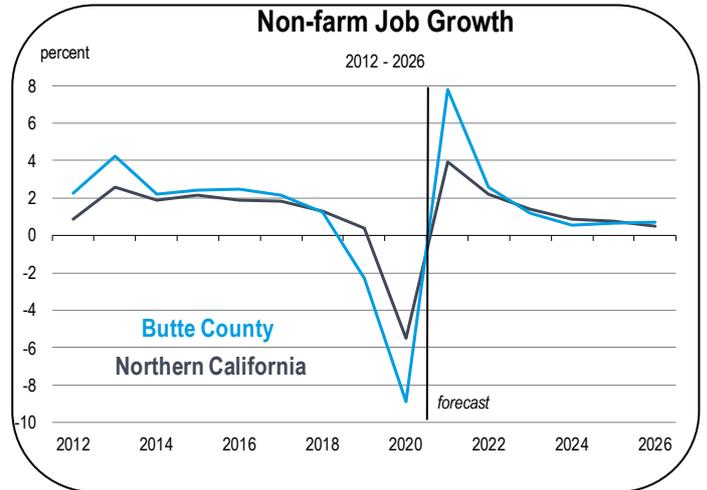
Butte County Economic Forecast

Forecast Summary

- On an annual average basis, 5,600 jobs will be restored in Butte County during 2021, representing approximately 80 percent of the jobs that were lost in 2020.
- A full labor market recovery is expected in 2022.
- Over the 2021-2026 forecast period, total employment in Butte County is expected to increase by 10,500 jobs.
- Government, leisure services, and healthcare will be responsible for virtually all net job creation during the forecast period.
- The unemployment rate averaged 9.2 percent in 2020. It is forecast to average 6.7 percent in 2021 and 5.4 percent in 2022.
- The Butte County population is expected to increase quickly during the forecast period. Residents who were displaced by the Camp Fire in late 2018 are still returning to Butte County, which will impact population growth for several more years.
- The median home price increased by 6 percent in 2020. Home prices are expected to increase by 11 percent in 2021 and 5 percent in 2022.

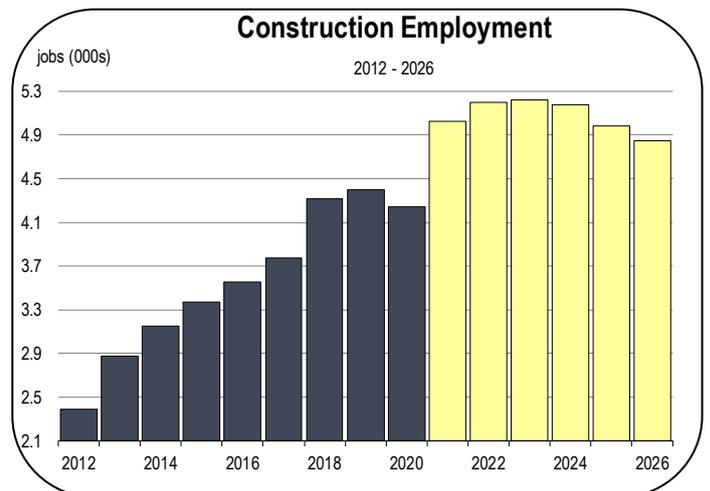
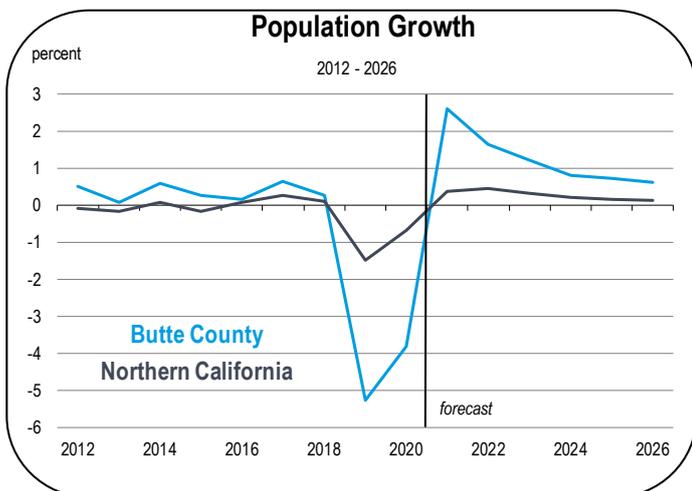
Job Growth

- Total employment in Butte County will expand by 5.1 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth will average 1.5 percent.

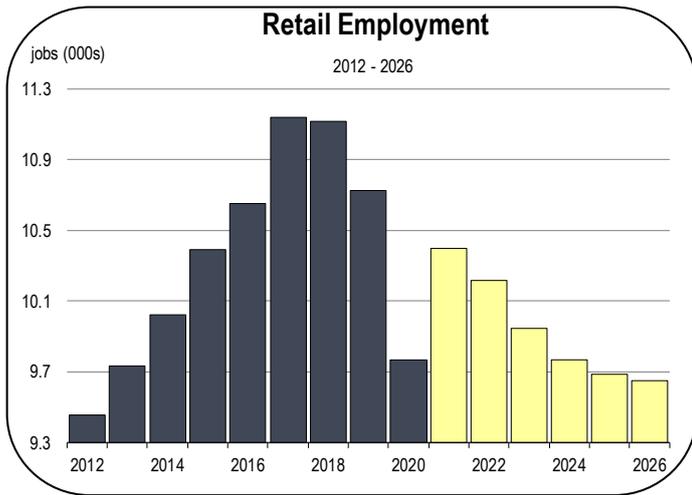


Construction Employment

- The construction sector is expected to gain more than a thousand jobs during 2022 and 2023.
- The Camp Fire destroyed 18,661 structures, including 13,850 homes in late 2018, and the re-building process is ongoing.
- As the rebuilding effort eventually slows down, consolidation in construction jobs will be observed over the second half of the forecast period.



Butte County Economic Forecast



Financial Activities Employment

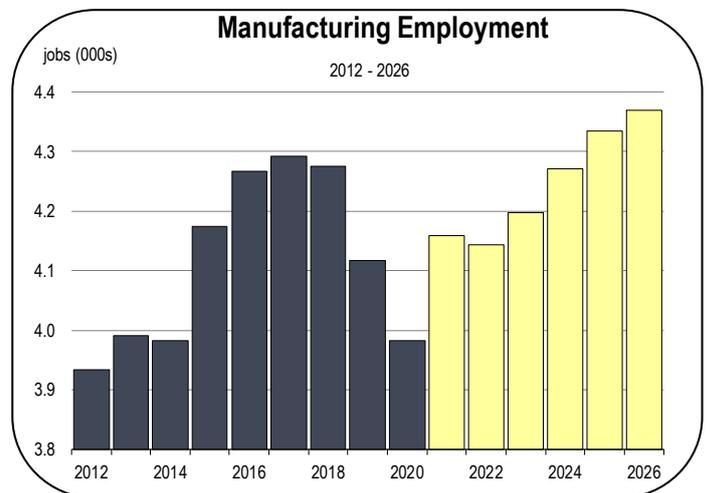
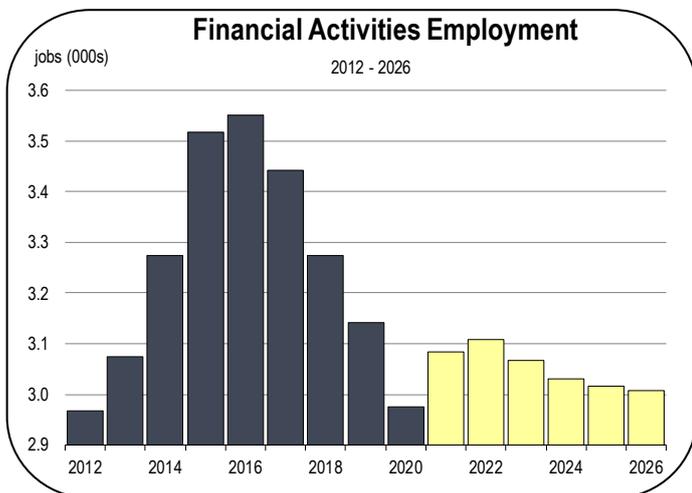
- Chico is a hub for the insurance industry. The largest firms are United Healthcare, which offers health insurance, and Butte Community Insurance Agency, which offers a range of personal and professional insurance products. Each firm employs more than 250 workers.
- The financial activities sector has been losing jobs for several years. A partial rebound is expected to be observed in 2021 and 2022, but further consolidation is expected during the second half of the forecast period.
- Employment in real estate services will expand between 2021 and 2026, but declines at banks and insurance companies will lead to stagnation in the broad financial activities industry.

Retail Trade Employment

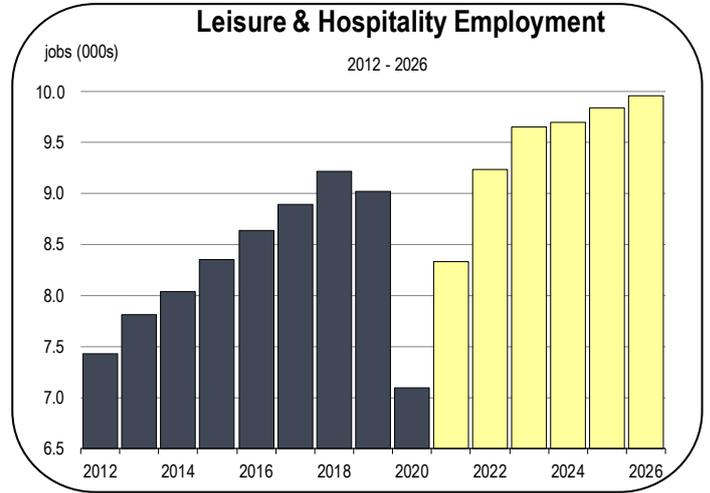
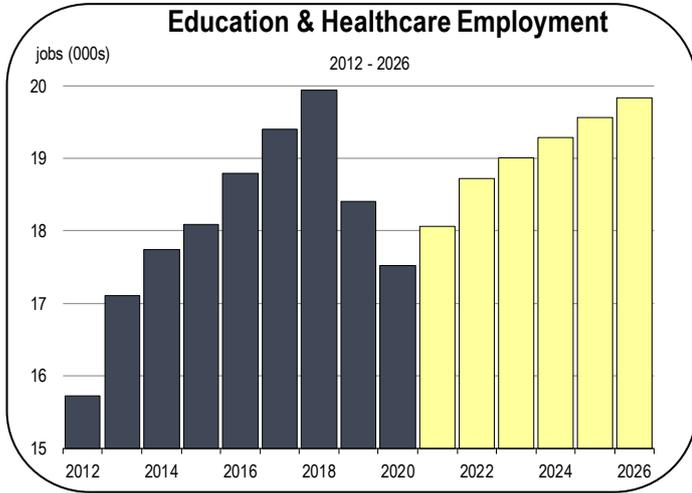
- The retail industry will begin to rebound in 2021 but will not recover all jobs that have been lost over the last few years.
- The Butte County retail industry was already under pressure before the onset of the Coronavirus Recession, as competition from online stores has led to lower levels of employment at local brick-and-mortar shops.
- The transition to online shopping will lead to further consolidation of local retail jobs over the long-term.

Manufacturing Employment

- The Butte County manufacturing sector is home to a range of food and beverage producers.
- The most prominent manufacturing firm is the Sierra Nevada Brewing Company, which was founded in 1979 and makes a range of beer products.
- The brewery accounts for approximately 25 percent of all manufacturing jobs in Butte County.



Butte County Economic Forecast



Private Education and Healthcare Employment

- In 2019, a meaningful number of healthcare jobs were displaced by the Camp Fire, which swept through the City of Paradise and destroyed medical facilities. In 2020, the healthcare industry suffered layoffs during the Coronavirus Recession.
- Healthcare employment is expected to expand in 2021 and 2022 and continue to grow throughout the forecast period.
- Butte County has a high share of residents who are older than 75, and the elderly population is only expected to increase, ultimately necessitating a larger healthcare workforce in the county.

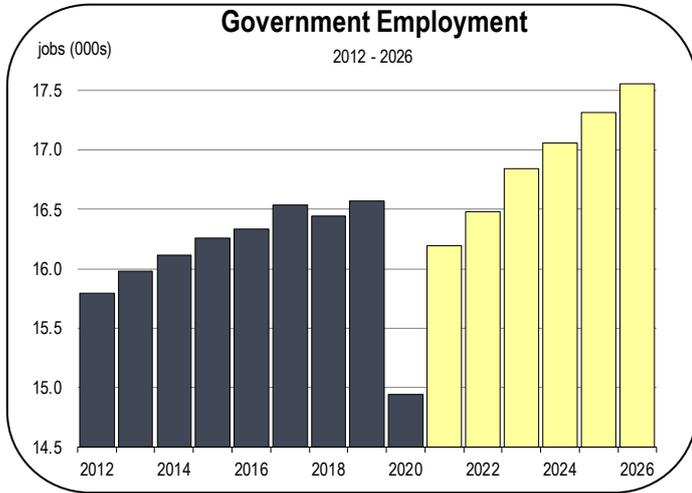
Leisure and Hospitality Employment

- Hotels, restaurants, bars, catering firms, gyms, and other leisure/hospitality organizations were impacted by restricted business conditions more than any other type of company in 2020.
- Almost 2,000 jobs were lost in 2020, a decline of 21 percent.
- 1,200 jobs are expected to be restored in 2021, with most of these jobs being created in the second half of the year.
- A full recovery could be observed by 2022.



Elone Medical Center in Chico

Butte County Economic Forecast

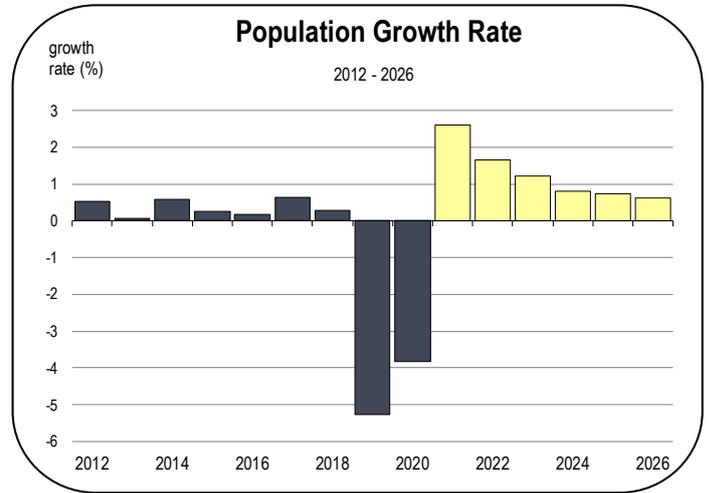


Government Employment

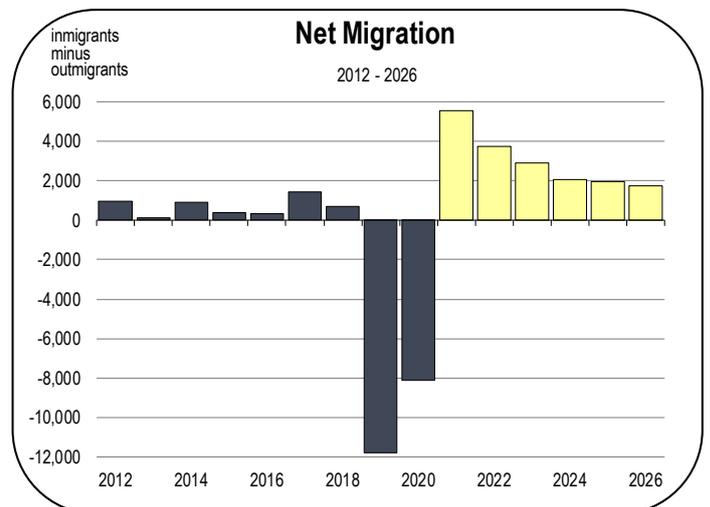
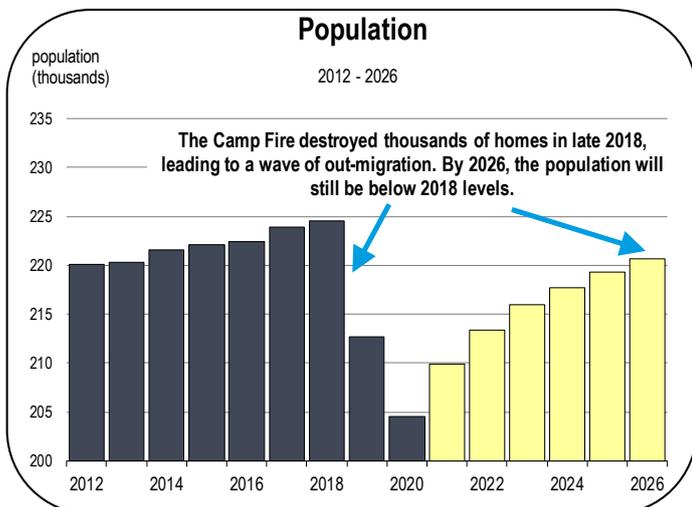
- The largest government agency in Butte County is California State University, Chico, which has 16,000 students and 2,000 employees.
- Government agencies shed almost 2,000 jobs in 2020. Most of these job losses were at local schools, but several hundred jobs were also lost at Chico State.
- More than 1,000 jobs are expected to be restored in 2021 and 2022 as students return to in-person school schedules, which will bring education jobs back to campus.

Population Growth

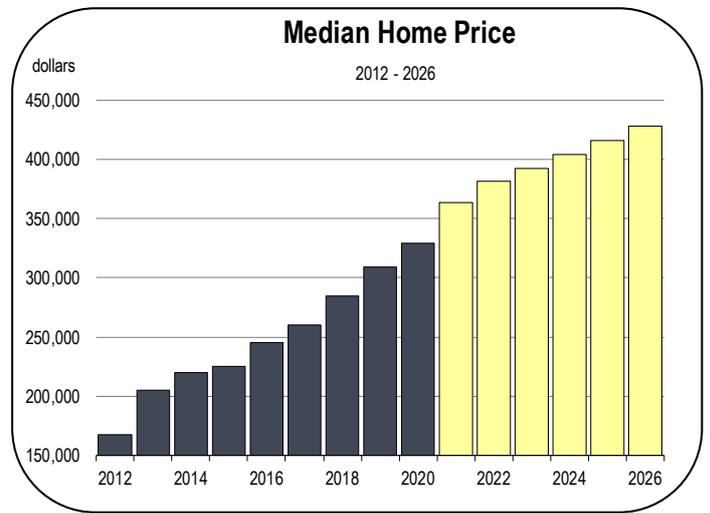
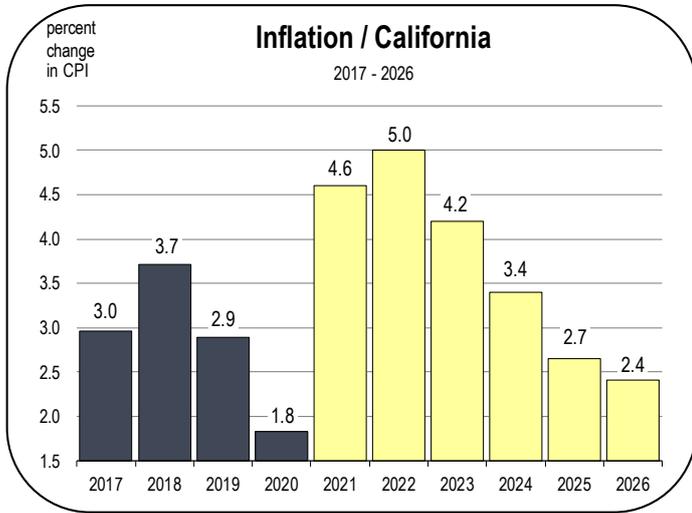
- The Butte County population declined by 11,800 residents in 2019 as people were displaced by the Camp Fire.



- The population declined by another 8,100 residents in 2020.
- The population is expected to grow between 2021 and 2026 as residents return to homes that have been re-built, as construction workers move to Butte County to re-build those homes, and as school employees come back to Butte County and return to their jobs.
- The population will expand at an annual average rate of 1.3 percent per year from 2021 to 2026, placing Butte County among the fastest growing counties of California.
- By 2026, the Butte County population will surpass 220,000 residents, but the overall population will still be smaller than it was before the Camp Fire.



Butte County Economic Forecast



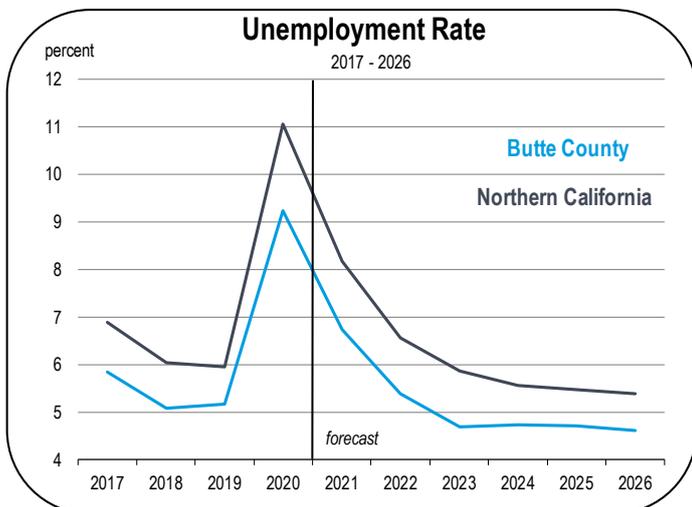
Unemployment and Inflation Rates

- The unemployment rate in Butte County averaged 9.2 percent in 2020.
- An unemployment rate below 6.0 percent signifies a fully employed workforce in Butte County.
- The unemployment rate is expected to average 6.7 percent in 2021 and 5.4 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Ultimately, inflation will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

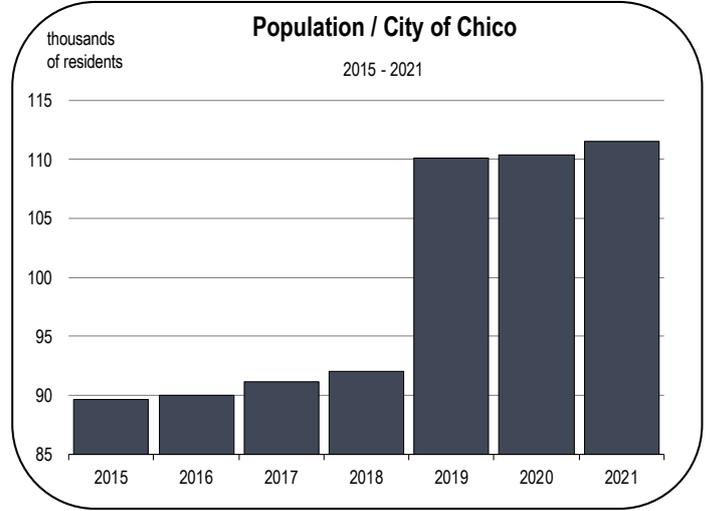
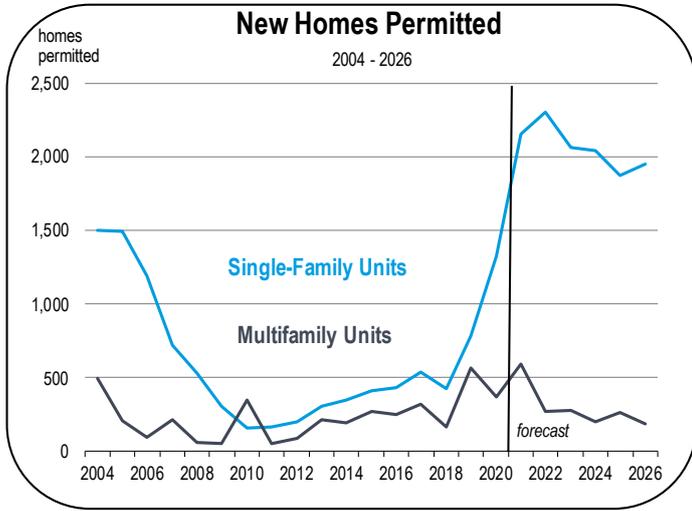
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020, the median home price in Butte County was \$329,000.
- The median price is expected to increase very quickly in 2021 as the number of homes on the market plummets and the number of house hunters grows.
- In 2021, prices are forecast to expand rapidly in almost all California markets.
- Price appreciation should slow down in 2022, but the median price could approach \$430,000 by 2026.
- From 2015 to 2020, an average of 975 new homes were started per year in Butte County. Approximately two thirds were single-family homes.
- Housing production is expected to average 2,400 homes per year from 2021 to 2026, consisting primarily of single-family homes.
- Of the homes built between 2021 and 2026, approximately 9,000 are expected to be fire re-builds and approximately 5,200 are expected to be new units that are unrelated to the Camp Fire.
- Aside from the fire re-builds, the most prominent project in the county is the Stonegate Development Project, which aims to build 600 homes in Chico. A lawsuit was filed against the development in 2021, and the outcome of the lawsuit is yet to be determined.



Butte County Economic Forecast



Wildfires in Butte County

The Camp Fire, which began in late 2018, was the most destructive wildfire in California history. Approximately 52,000 people were evacuated from their homes across Butte County. The community of Concow and the City of Paradise were destroyed, with the fire causing 85 fatalities and 17 injuries.

A total of 18,661 structures were destroyed, including 13,850 homes. Another 493 homes were damaged. Estimates have put the total value of the damage at \$16.5 billion.

Approximately 35,000 residents of Paradise were displaced. Many families began living in trailers or in tents, relocated to Chico or Orville, or left the county. As of mid-2021, many had not yet returned.

Additional fires have spread through Butte County, including the Dixie Fire that led to approximately 100 evacuations in 2021, but none have been as destructive as the Camp Fire.

Effect on the City of Chico

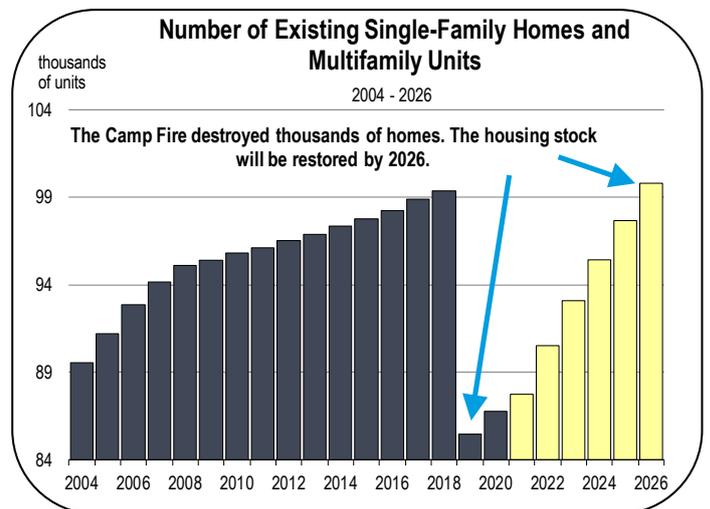
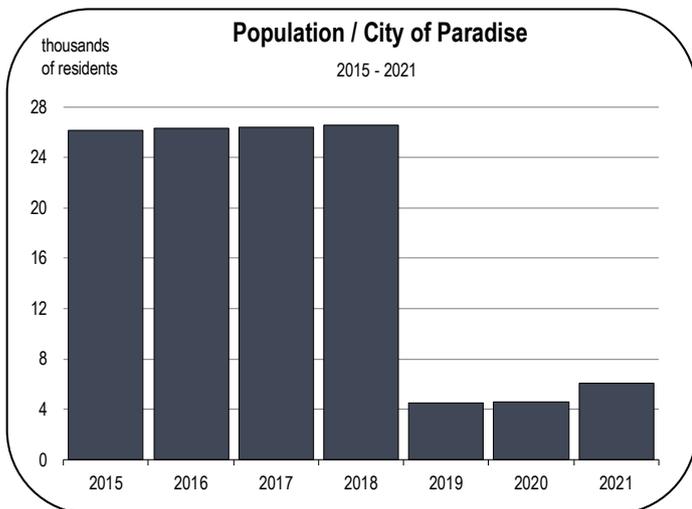
The population of the City of Paradise declined by 22,100 residents after the Camp Fire. The population increased by 18,100 in Chico and 2,700 in Orville as people relocated.

Effect on Housing Stock

Many of the homes and buildings destroyed by the Camp Fire will be re-built, leading to a tremendous increase in construction activity.

It is assumed that more than 10,500 homes will be re-built by the end of the forecast period.

For most of this period, fire re-builds will be the dominant form of residential construction, and the pre-fire housing stock should be restored by 2026.



Butte County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 Forecast

	Population (people)	Households (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	222,115	89.6	405	679	232	\$9.2	\$2.2	\$3.1	\$0.9	\$47,193	7.2	\$869	1.4
2016	222,473	90.2	306	676	237	\$9.6	\$2.3	\$3.2	\$1.2	\$48,195	6.6	\$779	2.3
2017	223,913	90.8	1,455	857	234	\$9.9	\$2.4	\$3.4	\$1.4	\$47,906	5.8	\$757	3.0
2018	224,516	91.4	690	591	234	\$10.3	\$2.5	\$3.5	\$1.2	\$47,915	5.1	\$662	3.7
2019	212,697	78.5	-11,772	1,348	228	\$10.5	\$2.7	\$3.8	\$1.4	\$50,222	5.2	\$701	2.9
2020	204,582	79.2	-8,119	1,694	224	\$10.7	\$2.7	\$3.8	\$1.5	\$52,192	9.2	\$716	1.8
2021	209,906	80.7	5,549	2,751	228	\$11.4	\$2.9	\$4.0	\$1.5	\$53,066	6.7	\$732	4.6
2022	213,377	83.3	3,738	2,575	231	\$11.8	\$3.2	\$4.5	\$1.5	\$52,175	5.4	\$745	5.0
2023	215,972	85.7	2,898	2,340	233	\$12.4	\$3.3	\$4.7	\$1.5	\$52,819	4.7	\$756	4.2
2024	217,707	87.9	2,057	2,244	234	\$13.0	\$3.4	\$4.8	\$1.6	\$53,669	4.7	\$765	3.4
2025	219,307	90.0	1,955	2,137	236	\$13.6	\$3.4	\$4.9	\$1.6	\$54,478	4.7	\$773	2.7
2026	220,665	92.0	1,739	2,132	237	\$14.1	\$3.5	\$5.0	\$1.7	\$55,171	4.6	\$781	2.4
2027	221,709	94.0	1,438	1,928	237	\$14.7	\$3.5	\$5.0	\$1.7	\$55,798	4.5	\$788	2.2
2028	222,471	95.8	1,177	1,824	238	\$15.2	\$3.5	\$5.1	\$1.7	\$56,507	4.5	\$795	2.3
2029	223,030	97.5	995	1,618	238	\$15.8	\$3.6	\$5.1	\$1.7	\$57,039	4.5	\$802	2.2
2030	223,363	99.0	780	1,513	239	\$16.3	\$3.6	\$5.2	\$1.8	\$57,624	4.5	\$809	2.2
2031	223,394	100.4	490	1,309	239	\$16.8	\$3.7	\$5.2	\$1.8	\$58,205	4.4	\$816	2.3
2032	223,343	101.7	416	1,101	239	\$17.4	\$3.7	\$5.3	\$1.8	\$58,711	4.4	\$824	2.2
2033	223,029	102.7	159	996	238	\$17.9	\$3.7	\$5.3	\$1.8	\$59,490	4.4	\$831	2.0
2034	222,596	103.6	45	889	238	\$18.5	\$3.7	\$5.3	\$1.8	\$60,227	4.4	\$839	2.1
2035	222,046	104.5	-72	782	238	\$19.1	\$3.8	\$5.3	\$1.9	\$60,945	4.4	\$846	2.1
2036	221,402	105.2	-164	675	237	\$19.7	\$3.8	\$5.4	\$1.9	\$61,486	4.4	\$854	2.2
2037	220,640	105.8	-277	648	237	\$20.3	\$3.9	\$5.5	\$1.9	\$62,010	4.3	\$862	2.2
2038	220,043	106.4	-117	707	236	\$21.0	\$4.0	\$5.6	\$1.9	\$62,656	4.3	\$870	2.2
2039	219,596	107.1	30	746	236	\$21.7	\$4.1	\$5.8	\$1.9	\$63,158	4.3	\$878	2.2
2040	219,264	107.8	132	735	236	\$22.4	\$4.3	\$6.0	\$1.9	\$63,693	4.3	\$887	2.1
2041	218,948	108.5	127	727	235	\$23.1	\$4.4	\$6.2	\$1.9	\$64,341	4.3	\$895	2.2
2042	218,687	109.2	160	717	235	\$23.8	\$4.5	\$6.3	\$2.0	\$65,036	4.3	\$904	2.1
2043	218,439	109.9	148	708	235	\$24.5	\$4.6	\$6.5	\$2.0	\$65,741	4.3	\$913	2.0
2044	218,229	110.5	176	699	235	\$25.2	\$4.6	\$6.6	\$2.0	\$66,554	4.3	\$922	2.2
2045	218,086	111.2	231	689	235	\$26.0	\$4.7	\$6.7	\$2.0	\$67,275	4.3	\$931	2.2
2046	217,983	111.8	259	680	235	\$26.7	\$4.8	\$6.8	\$2.0	\$67,917	4.3	\$941	2.2
2047	217,795	112.5	160	672	234	\$27.5	\$4.9	\$7.0	\$2.0	\$68,393	4.3	\$951	2.2
2048	217,581	113.1	117	664	234	\$28.2	\$5.1	\$7.2	\$2.1	\$68,814	4.3	\$960	2.3
2049	217,397	113.7	140	655	234	\$29.0	\$5.2	\$7.3	\$2.1	\$69,397	4.3	\$971	2.0
2050	217,297	114.3	211	645	234	\$29.9	\$5.3	\$7.5	\$2.1	\$69,954	4.3	\$981	2.1

Employment Sectors

2015-2020 History, 2021-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
----- (thousands of jobs) -----												
2015	80.9	3.0	3.4	4.2	1.5	12.2	3.5	5.5	1.1	18.1	8.4	16.3
2016	82.9	3.1	3.6	4.3	1.6	12.6	3.6	5.8	1.0	18.8	8.6	16.3
2017	84.6	3.1	3.8	4.3	1.6	13.1	3.4	5.8	0.9	19.4	8.9	16.5
2018	85.6	3.1	4.3	4.3	1.6	13.2	3.3	5.6	0.9	19.9	9.2	16.4
2019	83.5	2.9	4.4	4.1	1.6	12.9	3.1	5.8	0.8	18.4	9.0	16.6
2020	76.3	2.9	4.2	4.0	1.7	11.9	3.0	5.4	0.7	17.5	7.1	14.9
2021	82.0	2.8	5.0	4.2	1.7	12.5	3.1	5.7	0.8	18.1	8.3	16.2
2022	84.1	2.9	5.2	4.1	1.7	12.3	3.1	5.7	0.8	18.7	9.2	16.5
2023	85.2	3.0	5.2	4.2	1.8	12.1	3.1	5.8	0.8	19.0	9.7	16.8
2024	85.6	3.0	5.2	4.3	1.8	11.9	3.0	5.8	0.8	19.3	9.7	17.1
2025	86.2	3.1	5.0	4.3	1.8	11.8	3.0	5.8	0.8	19.6	9.8	17.3
2026	86.8	3.1	4.8	4.4	1.8	11.8	3.0	5.8	0.8	19.8	10.0	17.6
2027	87.1	3.1	4.7	4.4	1.8	11.8	3.0	5.8	0.8	20.1	10.0	17.6
2028	87.5	3.1	4.7	4.4	1.8	11.9	3.0	5.8	0.8	20.4	10.1	17.5
2029	87.9	3.1	4.7	4.4	1.8	11.9	3.0	5.8	0.8	20.6	10.1	17.7
2030	88.3	3.0	4.6	4.5	1.8	11.9	3.0	5.8	0.8	20.9	10.1	17.8
2031	88.4	3.0	4.3	4.5	1.9	11.9	3.0	5.9	0.7	21.1	10.1	17.9
2032	88.7	3.0	4.1	4.5	1.9	12.0	3.0	5.9	0.7	21.4	10.2	18.0
2033	89.0	3.0	4.0	4.5	1.9	12.0	3.0	5.9	0.7	21.6	10.3	18.0
2034	89.3	3.0	3.8	4.5	1.9	12.0	3.0	5.9	0.7	21.8	10.4	18.0
2035	89.6	3.0	3.7	4.5	1.9	12.0	3.0	5.9	0.7	22.1	10.5	18.1
2036	89.8	3.0	3.6	4.5	1.9	12.1	3.0	5.9	0.8	22.3	10.6	18.1
2037	90.1	3.0	3.5	4.5	1.9	12.1	3.0	5.9	0.8	22.5	10.7	18.1
2038	90.6	3.0	3.6	4.6	1.9	12.1	3.0	5.9	0.8	22.7	10.8	18.1
2039	91.0	3.0	3.6	4.6	1.9	12.1	3.0	5.9	0.8	23.0	10.9	18.1
2040	91.5	3.0	3.6	4.6	1.9	12.2	3.0	5.9	0.8	23.2	11.0	18.2
2041	91.8	3.0	3.6	4.6	1.9	12.2	3.0	5.9	0.8	23.4	11.1	18.2
2042	92.2	3.0	3.6	4.7	1.9	12.2	3.0	5.9	0.8	23.6	11.2	18.2
2043	92.7	3.0	3.6	4.7	1.9	12.2	3.0	5.9	0.8	23.8	11.3	18.3
2044	93.1	3.0	3.6	4.7	1.9	12.2	3.0	5.9	0.8	24.0	11.4	18.4
2045	93.6	3.0	3.5	4.7	1.9	12.3	3.0	5.9	0.8	24.1	11.5	18.5
2046	94.0	3.0	3.5	4.7	1.9	12.3	3.0	5.9	0.8	24.3	11.6	18.6
2047	94.4	3.0	3.5	4.8	2.0	12.3	3.0	6.0	0.8	24.5	11.7	18.6
2048	94.7	3.0	3.4	4.8	2.0	12.4	3.0	6.0	0.8	24.7	11.8	18.6
2049	95.0	3.0	3.3	4.8	2.0	12.4	3.0	6.0	0.8	24.8	11.9	18.7
2050	95.5	3.0	3.3	4.8	2.0	12.4	3.0	6.0	0.8	25.0	12.0	18.9

Butte County Economic Forecast

Socioeconomic Indicators

